

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 96255 / November 8, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19912**

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<b>In the Matter of</b>	:	<b>ORDER AUTHORIZING THE TRANSFER</b>
	:	<b>TO THE U.S. TREASURY OF THE</b>
	:	<b>REMAINING FUNDS AND ANY FUNDS</b>
<b>SCF Investment Advisors, Inc.</b>	:	<b>RETURNED TO THE FAIR FUND IN THE</b>
	:	<b>FUTURE AND TERMINATING THE FAIR</b>
<b>Respondent.</b>	:	<b>FUND</b>
	:	

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On August 13, 2020, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)<sup>1</sup> against SCF Investment Advisors, Inc. (the “Respondent”). In the Order, the Commission found that at times since at least January 1, 2014, SCF purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds that were available to clients. SCF’s affiliated broker, SCF Securities (“SCFS”), received 12b-1 fees in connection with these investments. In addition, since at least March 1, 2017, SCF has purchased or recommended for advisory clients cash sweep money market funds for which SCFS received revenue sharing payments from its clearing broker without disclosing the receipt of this compensation to clients. SCF also selected more expensive share classes than the lowest cost share classes for the same money market fund that were available to clients. SCF continued these practices while providing inadequate disclosure of these conflicts of interest to its clients in its Forms ADV or otherwise. SCF also, by causing certain advisory clients to invest in certain mutual fund and money market fund share classes when share classes of the same funds that presented a more favorable value for these clients under the particular circumstances in place at the time the transactions were available to the clients, violated its duty to seek best execution for those transactions. SCF also failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices.

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<sup>1</sup> Advisers Act Rel. No. 5560 (Aug. 13, 2020).

The Commission ordered the Respondent to pay \$544,446.34 in disgorgement, \$22,746.63 in prejudgment interest, and a \$200,000.00 civil money penalty, for a total of \$767,192.97. In the Order, the Commission established a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the civil penalty, along with the disgorgement and prejudgment interest, collected could be distributed to harmed investors (the “Fair Fund”).

Pursuant to the Order, the Respondent was responsible for administering the Fair Fund at its own expense pursuant to a calculation specified in the Order. No *de minimis* was applied. The Respondent issued 1,877 checks and electronic payments, totaling \$590,436.08, of which \$577,235.18 was successfully disbursed (98%) to recipients, resulting in 1,783 investors being fully compensated, including reasonable interest. Distribution payments ranged from \$0.02 to \$17,781.64. The Respondent made additional efforts to reach investors who did not cash checks including refreshing addresses and reissuing checks when needed. The Respondent returned \$189,957.79 to the Commission, consisting of uncashed checks, returned funds, and monies paid pursuant to the Order that were not needed to fully compensate investors. After these funds were returned to the Commission, three payments were reissued to an investor who had not cashed his checks. As a result, \$189,646.07 remains in the Fair Fund.

The Order further requires the Respondent to provide a final accounting to the Commission staff for submission to the Commission for approval. Upon approval of the final accounting, all remaining amounts in the Fair Fund that are infeasible to return to investors, and any funds returned in the future that are infeasible to return to investors, are to be sent to the U.S. Treasury. The final accounting has been submitted to the Commission for approval, as required by the Order, and has been approved.

Accordingly, it is ORDERED that:

- A. the remaining funds in the amount of \$189,646.07 that are infeasible to return to investors, and any funds returned to the Fair Fund in the future that are infeasible to return to investors, shall be transferred to the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 [15 U.S. Code § 78u-6(g)(3)]; and
- B. the Fair Fund is terminated.

By the Commission.

Vanessa A. Countryman  
Secretary